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consciousness that increasingly finds its joys and its loyalties in the common life.

One hesitates, however, to express such criticisms as these, for the book is of such stimulating value to the social philosopher, its whole plan of constructive democracy is so sane, and far-reaching that one's impulse is to give voice to unqualified admiration. And yet one makes the criticisms perhaps in the wish that Professor Carver might be even more valuable than he is to social philosophy.

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Railroad Accounting. BY WILLIAM E. HOOPER. New York: Appleton, 1915. 8vo, pp. xi+461. \$2.00.

The author of this work is an associate editor of the *Railway Age Gazette*. Apparently he has had a fairly wide general experience with railroads, including at least some direct contact with the accounting, statistical, and financial organization of two or three companies. He has used railway statistics extensively for editorial purposes, and so has learned how to present technical matters in a non-technical way. The book, therefore, is interesting and suggestive, and is well worth reading by anyone caring for railway economics and finance.

The book contains fifteen chapters, a short table of contents, and an index. The first two chapters outline the information that accounts should furnish and present the general principles of debits and credits. Chaps. iii-ix make a broad survey of the accounting classifications prescribed by the Interstate Commerce Commission for interstate roads. A chapter is devoted to the distinction between operating expenses and capital charges, and it presents the Commission's classification of investment in road and equipment. There is a separate chapter for each general division of operating expenses, giving in each case the official classification, and a single chapter is devoted to the income, profit and loss, and balance sheet statements, again presenting the Commission's classifications. Chaps. x-xiii describe the accounting department organization, the auditing of the passenger and freight revenues, and the auditing of disbursements. Chap. xiv outlines the work of the treasurer's office, and the final chapter discusses the allocation of revenues and expenses as between the freight and passenger service.

The book naturally is based on the system of accounts prescribed by the Interstate Commerce Commission. In general the author seems to consider that the Commission's regulations have had the effect of raising accounting standards among railroads and in the main have followed sound principles. Still he makes a goodly number of more or less serious criticisms and more especially considers that the accounts have been drawn up from the wrong point of view. The demands for information made on the accounts of a railroad come from three sources: (1) the management, (2) the stockholders or directors, (3) the public as represented by the commissions and courts. The author holds that the accounts should be drawn up primarily in reference to the needs of the management, whereas the prescribed system has in view more particularly the information needed in connection with the work of rate regulation. While perhaps most of the minor criticisms are justified, the validity of this general criticism may well be called in question. It is exceedingly doubtful whether any advantage to the management was directly or consciously sacrificed for the sake of any particular expected gain to regulation. Undoubtedly, as the author suggests, much finer and more satisfactory division and allocation of costs might have been obtained in many cases through different grouping of charges. But in this there probably would have been as much public gain as advantage to the management. Definite information to the latter, of course, means also definite information for the use of regulating bodies.

After all, however, we must remember that the prescribed accounts are for the most part general in nature. Even the individual property, and the revenue and expense accounts, are merely specified subdivisions of particular general accounts. They are defined only in scope; how they shall actually be kept is left to the companies. The Commission does not provide for the various necessary primary or subsidiary records and does not interfere with the accounting organization. The companies are practically not limited as to the facts that they may compile for their use in management or for the information of stockholders. It is true that they are forbidden by law to keep any other accounts than those prescribed by the Commission, but in practice this provision must be liberally construed. It applies to the accounts that are specifically prescribed, but presumably not to any supplementary, subsidiary, or primary records. The Commission undoubtedly has the power to outline in the minutest detail the various accounting procedure, but until it does so the companies are practically free to keep such records as they please in addition to the prescribed classification.

The author's point of view in discussing the official classification is principally that of the investor. He considers the different kinds of operating units, the significance of various cost ratios, the comparability of the ratios of different roads, also of the ratios of the same road for different years. These points are enlivened by successful use of much concrete material. His suggestions as to what the accounts tell and what they do not are in the main very good. The most interesting part of the book, however, is the chapters outlining the accounting, auditing, and financial organization. The chapter describing the work of the treasurer's office, particularly the passage that takes the reader on the trip of a pay car, deserves the light of day in the *Saturday Evening Post* instead of burial in a tome on accounting.

Several adverse criticisms should be made. (1) Much of the material might better be placed in an appendix than be given place in the main body of the book. This is certainly true of the text of the Interstate Commerce Commission's classifications, also of many of the special forms introduced for illustrative purposes. The bulk of the book is large, but the author's own analyses and discussions do not cover over 200 pages. (2) While the book centers around the system of accounts prescribed by the Commission, it discusses very little and does not seem to grasp the underlying philosophy of the classification. (3) Since there is practically no discussion of the Commission's accounting principles, one cannot help wondering just what is the purpose of chap. ii, dealing with the general principles of debits and credits. If the reader does not know bookkeeping, the chapter will not help him, and if he does know, it will do him no good. The chapter is short, but it bristles with temptations to the reviewer.

The book gives the impression that the author is trying desperately to be fair to the Interstate Commerce Commission, but that he is temperamentally opposed to regulation. Perhaps this attitude is shown by his view on capital expenditures. In general, he holds with the Commission that property accounts should be kept on the basis of costs, but (p. 41) seems to consider the Commission unreasonable for not allowing the inclusion of the par value of stock issued as bonus with bonds—for "this stock is really a part of the cost of building the road." Along the same line, he believes that property should be written off at original cost at the time of retirement, but disapproves of the Commission's consistent enforcement of this principle in the case of retirements representing "cost of progress" (pp. 46-49). He favors depreciation charges to provide for the replacement of property, but (p. 52) does not like the

Commission's requirements because the charges are in the nature of a guess at the life of equipment, and it is not the province of an accountant to guess. Apparently the principles are right, but the requiring is wrong.

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Cyclopedia of American Government. Edited by A. C. McLAUGHLIN and A. B. HART. New York: Appleton, 1914. 3 vols. 4to, pp. xxxiii+732; v+733; v+785. Maps 109. Charts 10. \$22 net.

Since Labor's *Cyclopedia of Political Science, Political Economy, and United States History* has ceased to serve a useful purpose, it is clear that a definite need has existed for many years which the present work is intended to supply. In one respect the new cyclopedia is clearly superior in that its articles are not adaptations from other dictionaries, but have all been freshly prepared and usually brought down to date. The great amount of original and editorial work has been unmistakable and must be duly acknowledged by the busy student who goes to its pages. Whether the task has been as thoroughly performed as its ambitious plan demands may be open to question.

The main part of the three large volumes is, of course, given to the political and historical aspects of our government, and, so far as the reviewer is competent to judge, these articles are useful and meritorious. The reviews of decisions are particularly good; so is the treatment of international law and neutrality. In an economic journal, however, attention may be confined to the economic articles which form possibly one-third of the work, and appear under the heads of "Economic Theory," "Public Finance," "Industrial Welfare," "Regulation of Commerce and Transportation," "Social Welfare," and "Regulation of Labor and Occupations." The labor articles seem to have been largely done by Professor John R. Commons, while those on Taxation and Finance, and many economic articles in general seem to have been supplied by Professor Davis R. Dewey, although more than thirty economists have written special articles.

In passing judgment upon the economic articles in this cyclopedia, one may commend those on "Debts," "Economic Distribution," "Immigration," "Interstate Commerce," "Population of the United States," "Crowd Psychology," "Public Lands," "Railways," "Restraint of Trade," "Theory of Rent," "Sectionalism in the United States," "Socialism," and "Taxation."